

## FURTHER CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2003 (H.J.RES. 1)

### SUMMARY

This resolution, the sixth continuing resolution [CR] for fiscal year 2003, provides for the ongoing operations of the Government through 31 January 2003. The measure is necessary because regular appropriations for the fiscal year – which began on 1 October 2002 – had been enacted only for the military and civilian activities of the Department of Defense prior to adjournment of the 107<sup>th</sup> Congress.

In general, the continuing resolution funds all projects or activities authorized in fiscal year 2002 (other than one-time spending for emergency response activities) at the same rate of operations until either: 1) the enactment of an appropriations act covering the project or activity; or 2) the

expiration of the continuing resolution. In addition, the CR addresses funding anomalies that would result from continuing certain provisions contained in last year's appropriations bills (see further discussion below). The continuing resolution does not allow the initiation of new activities.

Excluding the one-time emergency spending, the continuing resolution provides a level of nondefense budget authority [BA] that is \$2.9 billion above the fiscal year 2002 current rate of operations, but \$6.3 billion below the amount contained in the President's budget request and agreed to by House and Senate appropriators.

**Table 1: Continuing Appropriations for Fiscal Year 2003**  
**Subcommittees Other Than Defense and Military Construction**  
(fiscal years; millions of dollars)

	2002 Enacted With One-Time Spending	2002 Enacted Without One-Time Spending	Administration Fiscal Year 2003 Request	CR
Budget Authority	388,258	373,650	382,919	376,575
Outlays	398,928	396,899	424,757	421,368

### COST OF THE LEGISLATION

Under congressional procedures, the cost of a short-term continuing resolution is determined on an annualized basis, which makes the assumption that the bill would extend for the entire fiscal year. The Congressional Budget Office [CBO] estimates that the CR would provide \$376.6 billion in discretionary budget authority for fiscal year 2003. That amount is \$11.7 billion below the fiscal year 2002 amount (see Table 1 above), including the cost of one-time appropriations. This CR explicitly provides that \$14.6

billion of one-time appropriations identified by the Office of Management and Budget (in its *Budget Bulletin* to agencies) are to be removed from computations of the *current rate of operations* (meaning they should spend without any changes in the level of their current activities). Therefore, a more meaningful comparison removes the spending from the fiscal year 2002 figure. That comparison shows that nondefense discretionary spending in the CR is \$2.9 billion above the current rate of operations.

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More than 95 percent of that increase results from technical factors, such as spending increases for fee-based programs, assumed in CBO's construction of the spending "freeze" baseline – which assumes appropriations are held to the current year's level. The remaining 5 percent comes from certain funding anomalies, discussed in more detail below. The recent agreement between House and Senate

appropriators and the administration – to keep total discretionary spending at the \$750.5 billion level included in the President's request – will allow spending to increase by \$6.3 billion above the level in the CR. If spending is held to that level, nondefense appropriations will increase by 2.5 percent over the fiscal year 2002 recurring spending base. That increase is about the same as the rate of inflation.

## **COMPLIANCE WITH THE BUDGET RESOLUTION**

The CR in the aggregate complies with the House Concurrent Resolution on the Budget for Fiscal Year 2003 (H.Con.Res. 353). The amount of new BA does not exceed the 302(a) allocation to the House Appropriations Committee. In addition, the bill does not cause the

budgetary aggregates for BA and outlays to be exceeded, so there is no violation of section 311(a) of the Congressional Budget Act. That section prohibits the consideration of legislation exceeding the aggregate levels of BA and outlays established in the budget resolution.

## **ANOMALIES AND AUTHORIZATION ISSUES**

The CR generally continues modifications previously established to address funding anomalies. The anomalies include:

- Permitting higher rates of operations for the Transportation Security Agency and the Victims Compensation Program funded by fiscal year 2002 transfers.
- Continuing payment by Medicaid of Medicare Part B premiums for certain beneficiaries.
- Permitting the Securities and Exchange Commission to use increased fee collections during fiscal year 2003 to increase the current rate of operations.
- Funding a scheduled rental increase for the Commodity Futures Trading Commission.
- Continuing certain fees paid to the Veterans' Administration.

In contrast to the past three continuing resolutions, this CR eliminates a provision limiting the total obligations for the

Federal-Aid Highways program to \$27.7 billion for fiscal year 2003. This would allow obligations to increase to the \$31.8-billion level in effect for fiscal year 2002, an increase of \$4.1 billion above the level in the budget resolution.

Finally, this CR adds a provision to fund the start-up expenses of the Public Company Accounting Board to allow the board to function. In total, these provisions add \$109 million in BA and \$778 million in outlays to the CR.

In addition, the CR provides the following changes to mandatory spending and revenue:

- Continuing transitional Medicaid payments for participants in welfare-to-work programs.
- Prohibiting the collection of certain pesticide fees that are counted as revenue.

The \$275-million BA cost of the Medicaid payments counts against the allocation of the Committee on Ways and Means. The \$25-million reduction in fees from the pesticides provision counts against the budget's revenue allocation.

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